



SHARECAFE *"HIDDEN GEMS"* WEBINAR

Exclusive, Worldwide Agreement for
VEEM to Commercialise Revolutionary
Sharrow Propeller Design for Inboard
Powered Vessels

6 October 2023



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Who is VEEM?

- Commenced in 1968. Listed on ASX 2016.
- Headquartered in Perth, Western Australia, with a 14,700 sqm purpose-built fabrication and manufacturing facility, including Australia's largest non-ferrous foundry.
- Approximately 200 staff in Australia, including graduates and apprentices
- Highly skilled research and development team in-house.
- Designer and manufacturer of its own disruptive, high-technology marine propulsion and stabilization systems for the global luxury motor yacht, fast ferry, commercial workboat and defense industries.
- Revenue generated from the following markets:
 - Propellers
 - Gyrostabilisers
 - Defence
 - Engineering products and services



What has been Agreed?

- Agreement signed with Sharrow Engineering for VEEM and Sharrow to partner together to design Sharrow propellers for inboard powered vessels
- VEEM will then exclusively manufacture and sell the SHARROW by VEEM range of propellers worldwide for inboard powered vessels.
- The agreement is for 17 years (or longer if the patents expire after that date) provided VEEM meets minimum requirements for sales of propellers over the first three-year period and annually thereafter. Should VEEM fail to meet these, Sharrow can remove the exclusivity.
- VEEM will pay Sharrow a licence fee based on the sales of the SHARROW by VEEM propellers.
- Progressing with the project is subject to VEEM's acceptance of the performance of the Sharrow design on the VEEM test vessel with the testing to be done in the coming weeks.



Why is this Important

- The Sharrow Propeller™ was invented by Gregory Sharrow in 2012 and is cited as the first major advancement in propeller technology since the 1830s.
- Its design has solved the most basic problem of rotary propulsion. Specifically, tip cavitation and vortices have been eliminated or significantly reduced, offering incredible performance gains over traditional propellers.
- The award-winning Sharrow propeller design has made a spectacular impact on the outboard motor market with outstanding improvements in fuel efficiency, noise, vibration and handling.
- VEEM will now take this technology to the larger inboard propellers.
- The Sharrow patents protect these designs from being copied by others which, along with VEEM having an exclusive worldwide licence, provides the confidence for VEEM to develop and invest in its processes and methods with the expectation that there will be a strong market for the SHARROW by VEEM products.



Why did Sharrow Choose VEEM?

- VEEM is currently the world leader in high-performance fixed pitch propeller manufacturing. It has achieved this standing over years of refining its designs and its processes for casting and machining the perfect propeller. A VEEM propeller is a perfectly machined component.
- VEEM already sells its high-performance propellers to the major boat builders around the world and has a global distribution network.



Where will these be made? Expansion Plans?

- VEEM will be initially manufacturing the SHARROW by VEEM propellers at its plant in Western Australia which has capacity for 450 to 500 propellers a month. Initially these are expected to be taken up by demand from boat manufacturers and commercial operators.
- If the adoption rates follow the same patterns as the Sharrow outboard motor propellers, then VEEM expects to be building increased capacity in the next few years.
- Any expansion plan would likely involve a new manufacturing facility being built or acquired with the main cost being equipment such as CNC machining centers, robots, laser guided forklifts, furnaces and other foundry equipment and other ancillary equipment.
- Outsourcing of some or all of the required equipment/services is an option, provided VEEM can implement its end-to-end software securely and guarantee quality control.
- Funding of the above will be decided at the time the expansion is committed to and be appropriate for the options being chosen.



What is the Target Market and Pricing?

- Target market is propellers below 5 metres in diameter used for inboard vessels.
- The main volumes VEEM is targeting initially are in the 30 – 90 feet (10 – 30m) range where there are premium production yacht manufacturers who the Company anticipates will embrace the significantly better product.
- Commercial operators are expected to adopt the new SHARROW by VEEM product purely for the economic benefits of less fuel usage.
- Overall market is 100,000 vessels which would be in the order of US\$2.6 bn*. The new boat market is 15,000 vessels worth in the order of US\$338 million* per annum.
- The SHARROW by VEEM propellers will cost more to make in both raw materials and manufacturing time. The selling price will be at a further premium due to the licence fee payable to Sharrow. This will lead to a pricing structure that is at a significant premium to current standard propellers, however the adoption rates for the outboard motor market have shown that customers are prepared to embrace the product at a premium due to the tangible benefits realised.

*The independent market assessment was conducted by EQC Consulting. The market assessment excludes: vessels over 10 years old; non-ocean-going commercial vessels; defence vessels; outboards, jets; stern drives; recreational vessels over 90m and under 10m; and commercial vessels without an IMO number. Valuation is calculated using approximately two times current design prices.



What's next?

Investors can expect updates from the Company around the following milestones:

1. Completion of VEEM's acceptance testing of the performance of the Sharrow design on the VEEM test vessel. Testing is expected to be done in the coming weeks with results in December 2023.
2. The first SHARROW by VEEM propellers are expected to be available for purchase by customers in early 2024.
3. The full range of SHARROW by VEEM propellers is expected to be completed and rolled out by the end of 2024.



Q & A

This ASX announcement was
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